

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 333 – SB 292

March 6, 2017

SUMMARY OF ORIGINAL BILL: Increases from 30 to 35 days the time period following the service of an order of assessment, by which any costs incurred by a board, commission, or agency attached to the Division of Regulatory Boards from the investigation, prosecution and hearing of any disciplinary action, become final and may be imposed upon the licensee, permittee, registrant, or authorized individual.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (003216): Deletes all language after the enacting clause. Removes the Board for Licensing Contractors (BLC) from those agencies, boards, and commissions under the Division of Regulatory Boards for which the Director of the Division holds authority to employ personnel. Effectively authorizes the BLC to employ consultants, investigators, inspectors, legal counsel, and other personnel necessary to staff and carry out the functions of the Board. Authorizes the BLC to establish the qualifications and compensation for investigators, inspectors, and other staff requiring professional qualifications. Establishes that any expenditure incurred by the BLC relative to the employment of the Executive Director of the BLC or any staff employed by such Board is subject to approval by the Commissioner of the Department of Finance and Administration (F&A), pursuant to the Board's annual budget submitted to the Commissioner of the Department of Commerce and Insurance (TDCI) and approved by the Commissioner of F&A.

Requires inspectors employed by the BLC to assist in the inspection of work completed by limited licensed electricians and limited licensed plumbers. This legislation shall become effective upon becoming law.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Expenditures - \$63,800/One-Time/Board for Licensing Contractors
\$190,400/Recurring/Board for Licensing Contractors**

Other Fiscal Impact - Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two- year period. The BLC experienced a surplus of \$553,771 in FY14-15, a deficit of \$1,824,014 in FY15-16, and a cumulative reserve balance of \$2,251,300 on June 30, 2016.

Assumptions for the bill as amended:

- This bill as amended authorizes the BLC to hire its own staff.
- Based on information provided by the TDCI, the BLC will hire three regulatory board investigators.
- The Commissioner of F&A would be required to sign off on the hiring of these new positions. This fiscal memorandum assumes the Commissioner will approve these positions.
- The recurring increase in state expenditures is estimated to be \$190,431 [3 x (salary \$40,355 + benefits \$10,535 + FICA \$3,087 + vehicle-related expenses \$4,500 network/phone \$2,200 + office lease \$2,200 + supplies \$600)]. There will be one-time state expenditures of \$63,750 [3 x (vehicle \$18,000 + office furniture \$2,000 + computer \$1,250)].
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two- year period. The BLC experienced a surplus of \$553,771 in FY14-15, a deficit of \$1,824,014 in FY15-16, and a cumulative reserve balance of \$2,251,300 on June 30, 2016.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumption for the bill as amended:

- Authorizing the BLC to employ its own personnel will have no significant impact on businesses or commerce in this state.
- Despite this legislation resulting in three additional positions for the BLC, it is unclear as to whether those positions would be filled by out-of-state applicants or by persons already employed in Tennessee elsewhere under current law. Any net impact to jobs in Tennessee is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb